The Real Estate ANALYST

AUGUST
1936

Roy Wenzlick
President and Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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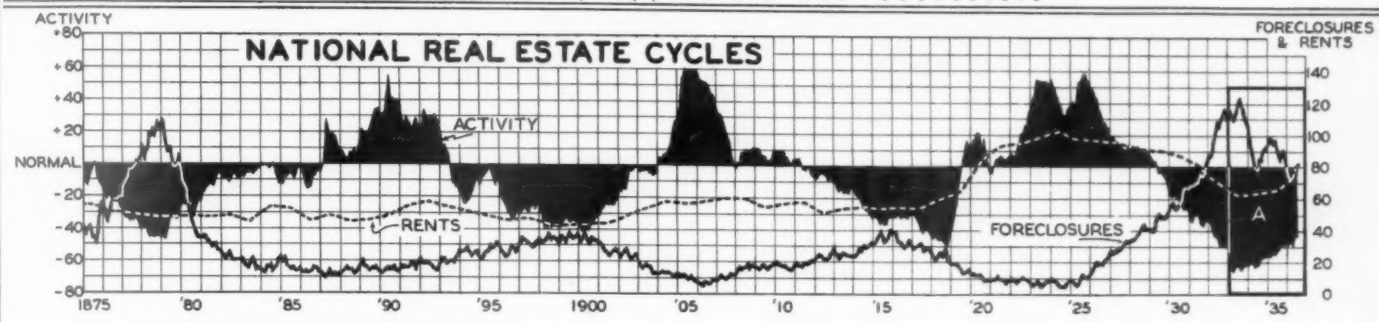
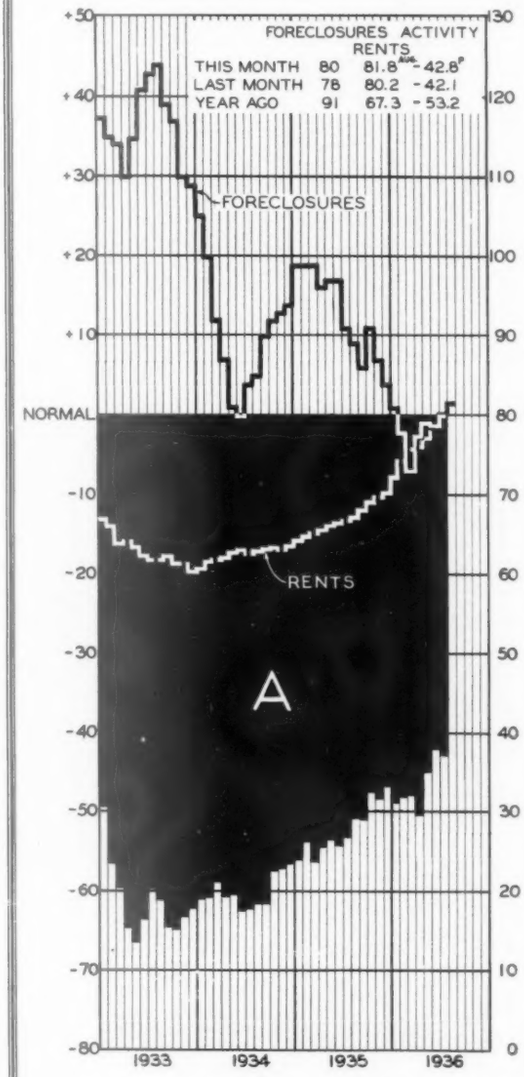
Real Estate Economists, Appraisers and Counselors





THE chart above shows the fluctuations of urban real estate activity, foreclosures, and rents in the United States from 1875 to the present. The chart to the left is the last four years of the upper chart enlarged to show monthly fluctuations.

The marked improvement in urban real estate is quite apparent from this chart. Real estate activity in 1932 reached a point 66% below normal. It has now recovered to within less than 43% of normal, and the recovery in the past few months has been quite rapid.

The drop in the foreclosure rates has shown the same marked recovery. Foreclosures in August, 1932, reached the record height of 124 on our chart. This has now dropped to a level of 80, a decline of more than one-third. This foreclosure chart does not include as many communities as the chart on the back page of this report. Only those communities where the records were available continuously over the entire stretch of the long chart above have been used here.

The improvement in residential rents is also quite marked. Our rent index has shown the same upward trend. In December, 1933, it reached its lowest point. Rents actually collected today are about one-third higher than they were at the bottom of the depression (concessions and uncollectible accounts considered).

RESIDENTIAL BUILDING IN THE UNITED STATES

IN February of this year the Real Estate Analyst charted new building in 47 principal cities, showing in each case the number of new family accommodations constructed each month for each 10,000 families from 1920 to the present. These charts aroused widespread interest and brought many inquiries from our subscribers regarding the inclusion of suburbs with the central city.

In this issue we have attempted to chart the same data for 90 major cities of the United States, including wherever possible the suburban areas in our figures. The black dot following the name of the city indicates that its principal suburbs have been included during at least the later years on the chart. In many cases it was impossible to get figures in suburban areas for the earlier years. It will be noticed that on some charts, Boston for instance, three other cities are named on the chart--Cambridge, Lynn, and Lowell. Each of these cities contains 100,000 population or more, but in spite of their size they are considered in the Boston area and included in the Boston metropolitan figures. In addition many other smaller communities not listed are included as well. In all cities the so-called slum clearance projects constructed under the Housing Division of the Public Works Administration have been eliminated from the charts.

We believe that a comparison of the charts shown in this issue with those printed last February will prove quite interesting, as many of our subscribers believed that one reason for the very poor showing in new construction on our former charts was due to the fact that the suburban areas were not included. It will be noticed from the charts which make this inclusion that new building is still relatively unimportant in a great majority of the cities.

The tremendous variation in various cities during the last building boom is quite interesting, ranging all the way from 12 new family accommodations per month per 10,000 families in Bridgeport, Connecticut, to 545 per month per 10,000 families in Miami, Florida. The recovery at the present time shows the same wide variation. Many cities are still building less than one new family accommodation per month per 10,000 families, while Miami, Florida, and Washington, D. C., are now building 40 new family accommodations per month per 10,000 families. Forty-one of the 90 cities we have charted did not build 40 new family accommodations per month per 10,000 families during the last boom. Other cities in which the building recovery has been unusually rapid are San Diego, Queens, Houston, Yonkers, Oklahoma City, and Tampa.

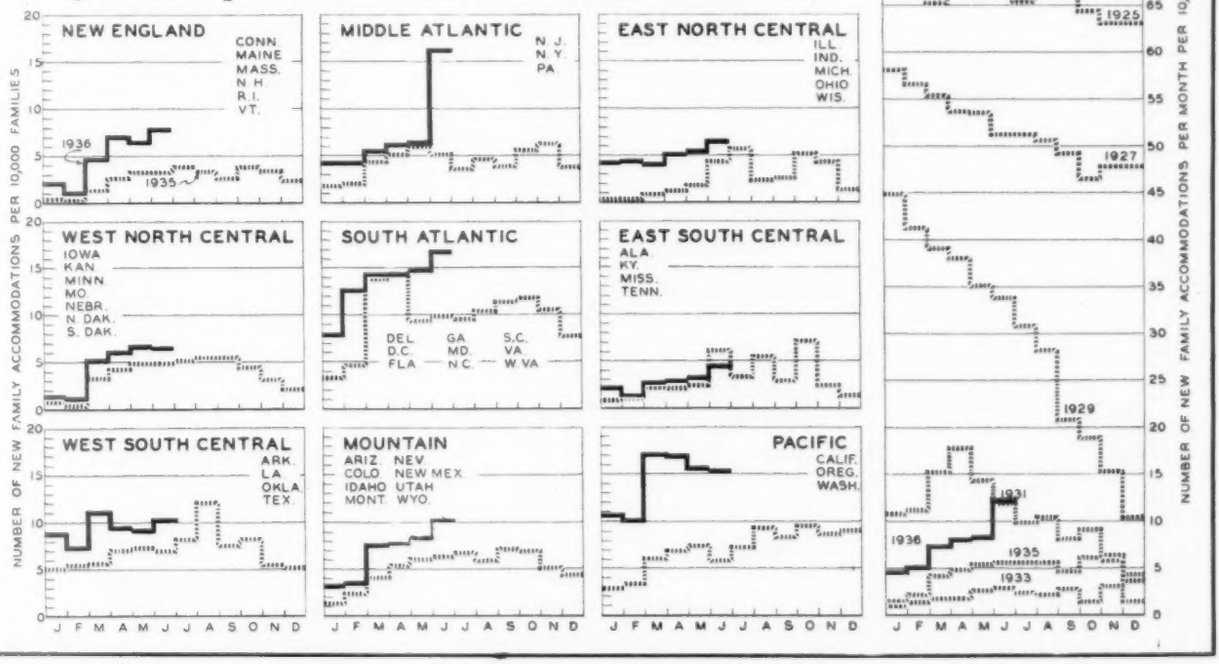
The Real Estate Analyst has constantly throughout the depression insisted that new building in any community could not start until a shortage of space developed, causing rents and values on existing buildings to rise to a point sufficiently high to make it possible to sell new buildings readily at more than their cost of construction. Until this happens there will be no great incentive to build and only a small amount of "irrational" building will take place. "Irrational" building is defined as building being done regardless of the relationship of cost and value.

If this general principal is kept firmly in mind, it is very easy to understand the wide variations in building activity shown on these charts. Due to the government activity in Washington, an actual housing shortage exists there. The Bureau of Labor Statistics index shows rents in Washington, D. C., are now within 4½% of the levels of the last boom. This has made it profitable to build in Washington; but in Birmingham residential rents, according to the same source, are still considerably below their pre-war level. As building costs are only slightly below the 1926 level, clearly Birmingham can do very little "rational" building.

Evidently the secret of the future volume of building in any city will depend primarily on the relationship of rents and building costs in that city. Building costs, we believe, will be higher in all portions of the United States. Rent levels depend on the rate of absorption of vacancy. This in turn depends primarily on the rate of growth of the city and the degree of business recovery, as the same number of people will occupy a greater number of separate housing units in prosperous times than in poor times because of less doubling up and an accelerated marriage rate Industrial recovery is taking place, and our indexes of rent levels in practically all cities are rising faster than building costs. Many cities within the next two years will reach the point where building is again profitable.

RESIDENTIAL BUILDING BY REGIONS

THE charts below show the monthly volume of residential building in various regions by months for 1935 and six months of 1936. The tall chart at the right is drawn to the same scale as the smaller charts and compares the present volume of building in the United States with the volume for a number of past years. In each chart the volume of new building is expressed as the number of new family accommodations provided per month for each 10,000 families.



AVERAGE ADVERTISED SINGLE FAMILY DWELLING RENTS 1935-1936

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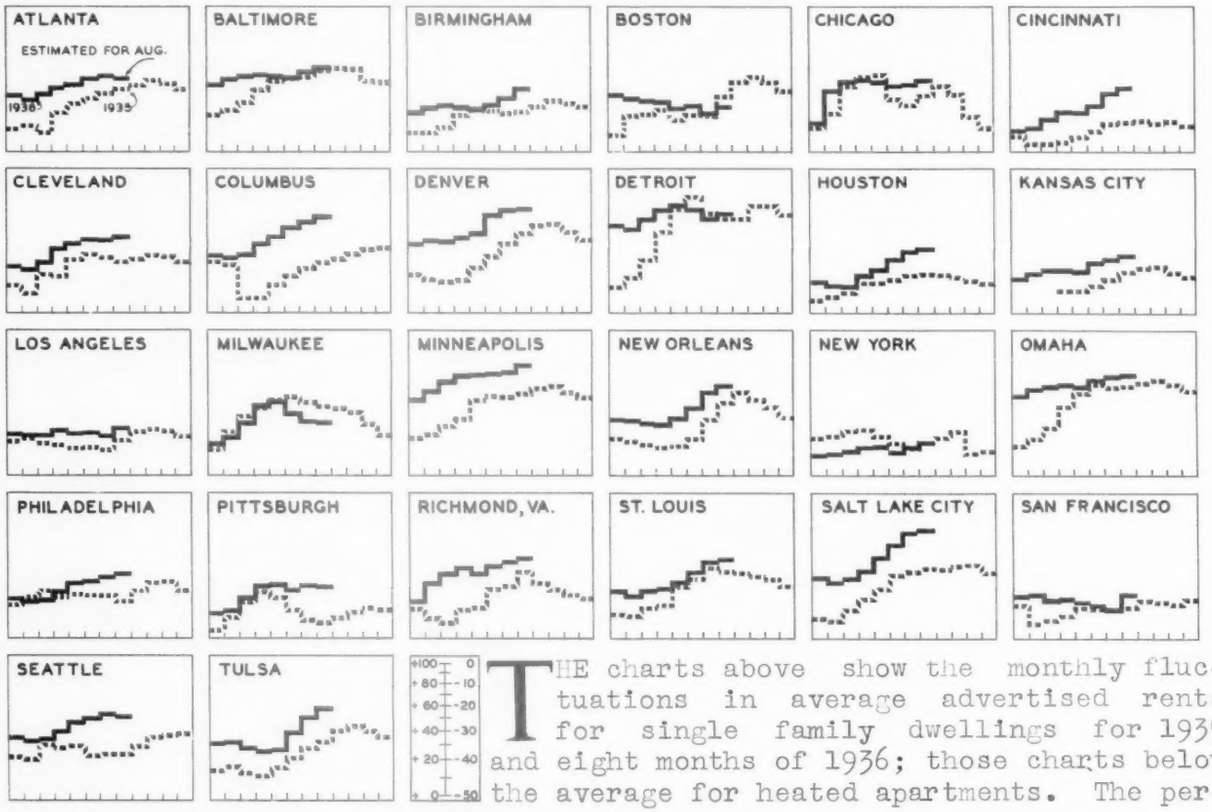

THE charts above show the monthly fluctuations in average advertised rents for single family dwellings for 1935 and eight months of 1936; those charts below, the average for heated apartments. The per-

AVERAGE ADVERTISED APARTMENT RENTS 1935-36

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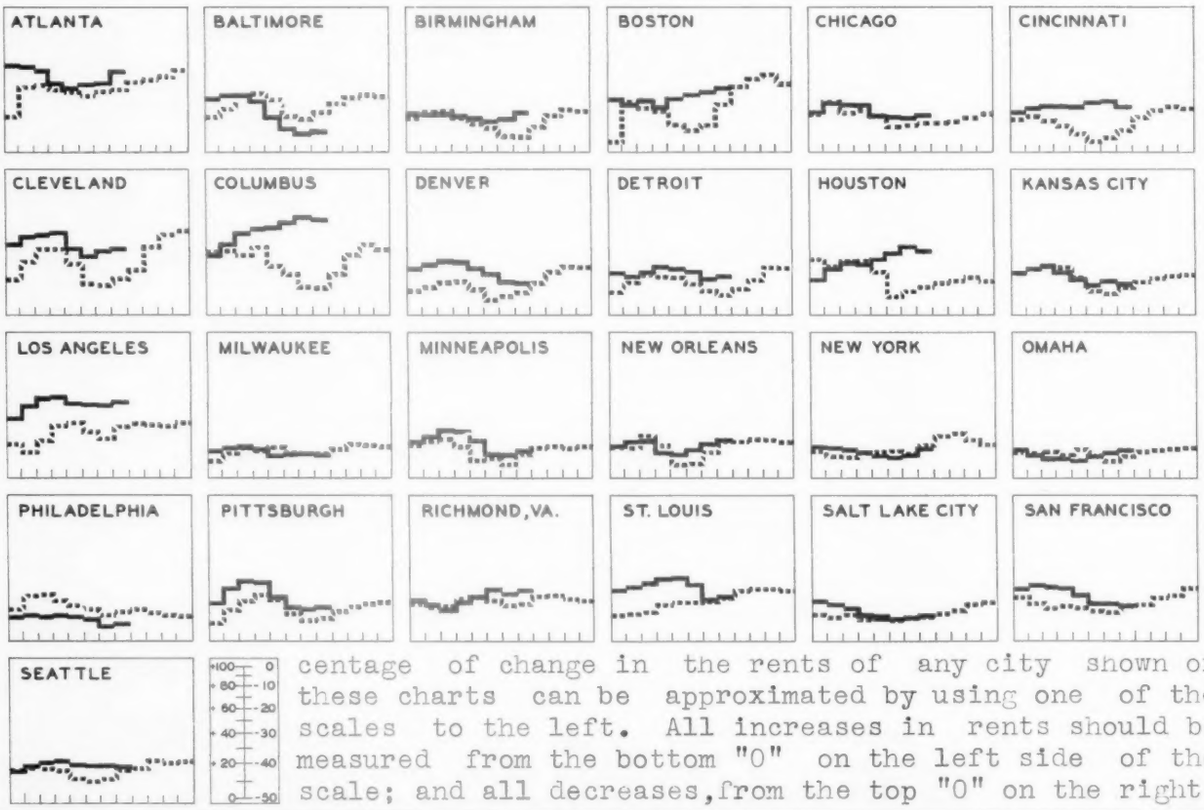


centage of change in the rents of any city shown on these charts can be approximated by using one of the scales to the left. All increases in rents should be measured from the bottom "0" on the left side of the scale; and all decreases, from the top "0" on the right.

ADVERTISED RENTALS ON DWELLING UNITS

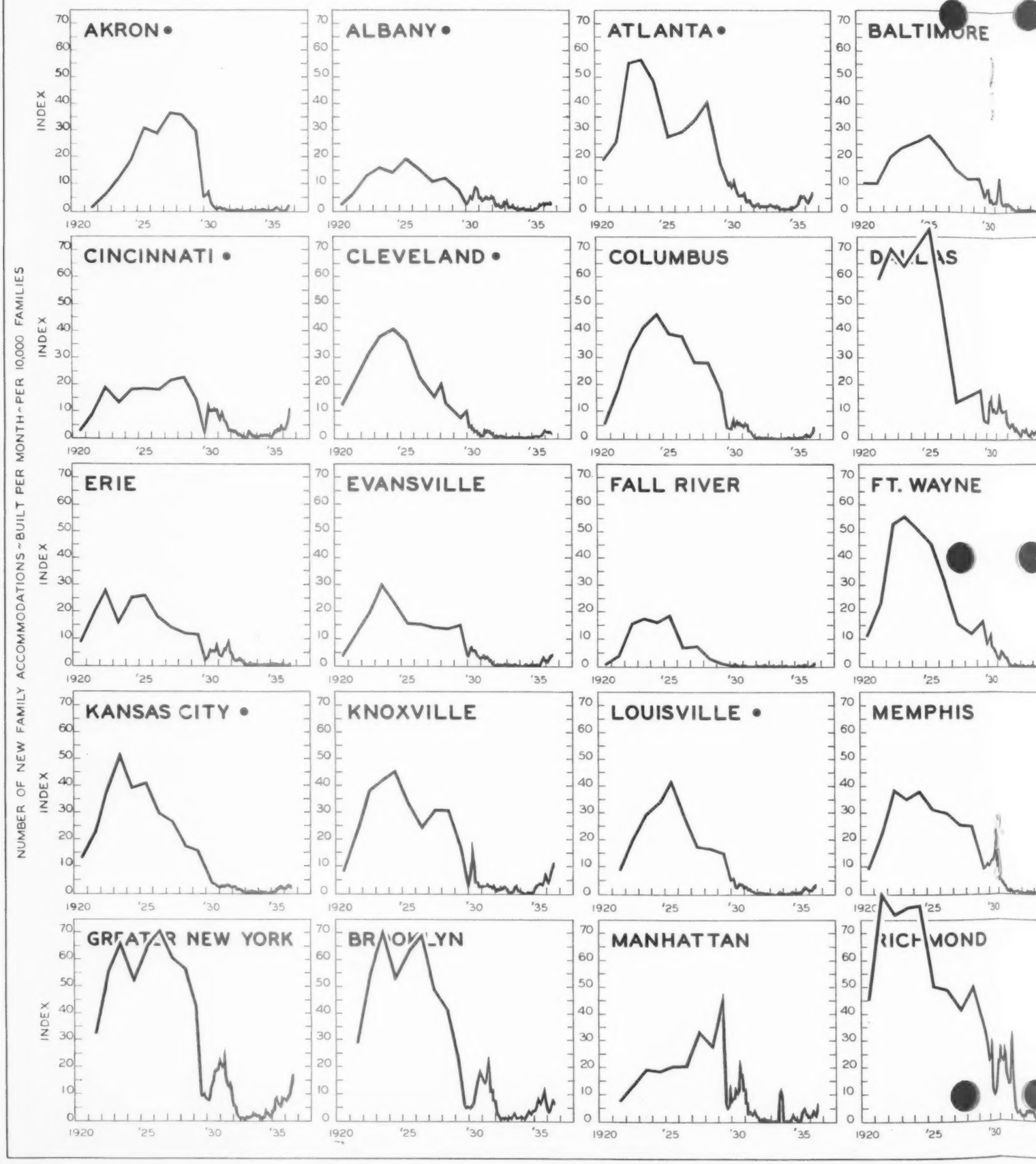
THE Real Estate Analyst computes the average advertised rents of residential units of various types each month in the twenty-six metropolitan cities listed below. The figures given are average rents per month per room for all units of each type, large and small, advertised in the classified columns of the leading newspapers of each city.

The average of all places advertised for rent will vary considerably from month to month due to the inclusion some months of a larger number of either high or low priced units. That the trend is definitely up in most cities is indicated by the figures below and the charts opposite.

The August figures are preliminary, based on the advertisements appearing during the first two weeks of the month. In a majority of the cities these preliminary figures are above the final figures for August, 1935.

		1935				1936							
		Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	*Aug.
SINGLE FAMILY DWELLINGS	Atlanta	$6.93	$7.09	$7.25	$7.12	$6.93	$6.68	$6.59	$6.71	$6.97	$7.15	$7.39	$7.51	$7.42
	Baltimore	6.10	6.16	6.15	5.79	5.75	5.69	5.82	5.95	5.97	5.89	5.99	6.02	6.13
	Birmingham	4.94	5.06	5.22	5.15	5.08	4.96	5.03	5.06	5.03	4.87	5.00	5.18	5.42
	Boston	7.34	7.91	8.11	7.89	7.55	7.47	7.27	7.17	7.15	6.93	7.04	6.72	6.95
	Chicago	9.39	9.84	9.45	8.42	7.98	8.63	9.66	10.32	10.37	10.11	9.63	9.12	9.32
	Cincinnati	8.20	8.22	8.16	8.23	8.02	7.92	7.96	8.35	8.68	8.65	8.93	9.48	9.71
	Cleveland	7.88	7.94	8.11	8.08	7.84	7.59	7.56	7.88	8.40	8.67	8.83	8.86	9.39
	Columbus	5.21	5.31	5.45	5.59	5.61	5.42	5.36	5.44	5.71	5.95	6.23	6.42	6.58
	Denver	6.07	6.31	6.35	6.11	5.89	5.77	5.84	5.82	5.96	6.17	6.67	6.80	6.83
	Detroit	8.18	8.18	8.75	8.75	8.33	7.93	7.74	8.12	8.56	8.79	8.51	8.09	8.31
	Houston	7.39	7.38	7.24	7.10	7.01	7.00	6.92	6.84	7.20	7.47	7.81	8.09	8.30
	Kansas City	4.98	5.08	5.10	4.96	4.85	4.84	4.92	5.00	5.00	4.99	5.20	5.28	5.39
	Los Angeles	8.48	8.85	8.97	8.87	8.64	8.68	8.72	8.74	8.95	8.80	8.81	8.69	9.04
	Milwaukee	8.61	8.52	8.36	7.87	7.41	7.17	7.35	7.90	8.59	8.71	8.26	7.88	7.87
	Minneapolis	6.15	6.31	6.36	6.18	6.02	6.04	6.22	6.49	6.69	6.67	6.67	6.71	6.97
	New Orleans	5.88	6.20	5.98	5.71	5.43	5.41	5.36	5.28	5.25	5.38	5.66	6.11	6.30
	New York	11.96	12.23	12.57	11.82	11.36	10.93	11.11	11.40	11.69	11.71	11.40	11.61	11.86
	Omaha	6.37	6.50	6.59	6.45	6.22	6.14	6.27	6.34	6.38	6.36	6.57	6.62	6.68
	Philadelphia	5.48	5.77	6.01	6.02	5.78	5.46	5.46	5.52	5.79	6.01	6.03	6.11	6.22
	Pittsburgh	6.52	6.70	6.89	7.03	6.98	6.81	6.98	7.41	7.84	7.89	7.67	7.78	7.75
	Richmond	7.03	6.66	6.44	6.24	6.16	6.17	6.65	6.98	7.18	6.96	7.21	7.32	7.49
	Saint Louis	7.11	7.05	6.91	6.81	6.59	6.45	6.27	6.43	6.48	6.72	7.07	7.42	7.52
	Salt Lake City	5.76	5.74	5.82	5.83	5.63	5.49	5.33	5.49	5.58	5.91	6.30	6.70	6.75
	San Francisco	7.07	7.31	7.28	7.19	7.35	7.55	7.54	7.36	7.36	7.24	7.16	7.11	7.51
	Seattle	5.07	5.31	5.56	5.62	5.65	5.55	5.45	5.51	5.70	5.96	6.09	6.19	6.13
	Tulsa	6.76	7.17	7.33	7.16	6.92	6.77	6.74	6.56	6.42	6.48	7.11	7.67	8.02
HEATED APARTMENT UNITS	Atlanta	9.68	10.01	10.19	10.33	10.67	10.89	10.91	10.42	10.00	9.71	9.82	9.89	10.50
	Baltimore	11.04	11.59	11.97	12.04	12.00	11.93	12.05	12.02	11.65	10.74	10.09	9.79	9.92
	Birmingham	7.61	8.00	8.48	8.71	8.64	8.61	8.54	8.57	8.45	8.39	8.26	8.27	8.58
	Boston	11.59	12.68	13.17	13.46	12.79	12.17	11.55	11.68	11.13	11.59	11.80	12.05	12.20
	Chicago	11.04	11.04	11.15	11.35	11.66	11.85	12.26	12.14	11.86	11.25	11.23	11.14	11.28
	Cincinnati	10.10	10.78	11.24	11.40	11.28	11.26	11.36	11.47	11.45	11.40	11.57	11.71	11.29
	Cleveland	8.49	8.88	9.99	10.54	10.80	10.40	10.49	10.77	10.82	9.97	9.60	9.79	9.88
	Columbus	7.52	8.06	8.89	9.34	9.11	9.07	9.38	9.94	10.16	10.20	10.41	10.62	10.50
	Denver	9.60	10.06	10.65	10.95	10.90	10.87	11.02	11.24	11.16	10.76	10.31	9.94	9.89
	Detroit	9.45	9.73	10.22	10.87	10.86	10.49	10.40	10.70	10.93	10.79	10.65	10.27	10.41
	Houston	7.54	7.70	7.77	7.91	7.78	8.00	8.29	8.59	8.53	8.70	8.95	9.28	9.06
	Kansas City	6.36	6.52	6.67	6.73	6.77	6.88	7.00	7.11	6.86	6.61	6.48	6.51	6.42
	Los Angeles	11.11	11.27	11.23	11.17	11.31	11.87	12.31	12.79	12.82	12.33	12.32	12.28	12.42
	Milwaukee	9.63	9.87	10.10	10.09	10.00	9.88	9.95	10.02	9.95	9.64	9.51	9.60	9.56
	Minneapolis	8.48	8.78	8.81	8.76	8.82	9.18	9.29	9.59	9.57	9.13	8.58	8.50	8.66
	New Orleans	8.48	8.48	8.55	8.53	8.45	8.41	8.49	8.53	8.01	8.04	8.17	8.36	8.58
	New York	17.85	18.69	18.92	18.30	17.83	17.58	17.56	17.40	17.20	16.97	16.74	17.02	17.61
	Omaha	10.13	10.32	10.40	10.43	10.47	10.54	10.21	10.00	9.73	9.90	10.11	10.28	10.44
	Philadelphia	13.40	13.63	13.37	13.24	13.16	13.20	13.23	13.08	13.23	13.08	12.94	12.45	12.61
	Pittsburgh	9.02	9.35	9.56	9.70	9.77	9.91	10.51	10.96	10.82	9.93	9.42	9.29	9.38
	Richmond	9.66	10.03	10.07	9.96	9.87	9.70	9.69	9.41	9.75	10.01	10.53	10.29	10.43
	Saint Louis	9.41	9.76	9.81	9.81	9.74	9.79	9.94	10.17	10.37	10.38	9.95	9.26	9.35
	Salt Lake City	9.06	9.22	9.38	9.68	9.74	9.91	9.70	9.50	9.16	8.98	8.98	9.02	9.10
	San Francisco	10.82	10.90	11.33	11.41	11.82	11.83	12.01	11.93	11.83	11.41	11.02	11.01	10.81
	Seattle	10.06	10.21	10.58	10.48	10.52	10.23	10.37	10.53	10.60	10.50	10.56	10.46	10.41

*Preliminary


NUMBER OF NEW FAMILY ACCOMMODATIONS ~ BUILT PER MONTH ~ PER 10,000 FAMILIES
INDEX
AKRON •
ALBANY •
ATLANTA •
BALTIMORE
CINCINNATI •
CLEVELAND •
COLUMBUS
DALLAS
ERIE
EVANSVILLE
FALL RIVER
FT. WAYNE
KANSAS CITY •
KNOXVILLE
LOUISVILLE •
MEMPHIS
GREATER NEW YORK
BROOKLYN
MANHATTAN
RICHMOND
1920
'25
'30
'35

FLUCTUATIONS IN THE NUMBER OF NEW FAMILY ACCOMMODATIONS

LT PER MONTH ~ PER 10,000 FAMILIES ~ IN ALL CITIES HAVING MORE THAN 100,000 POPULATION IN 1930

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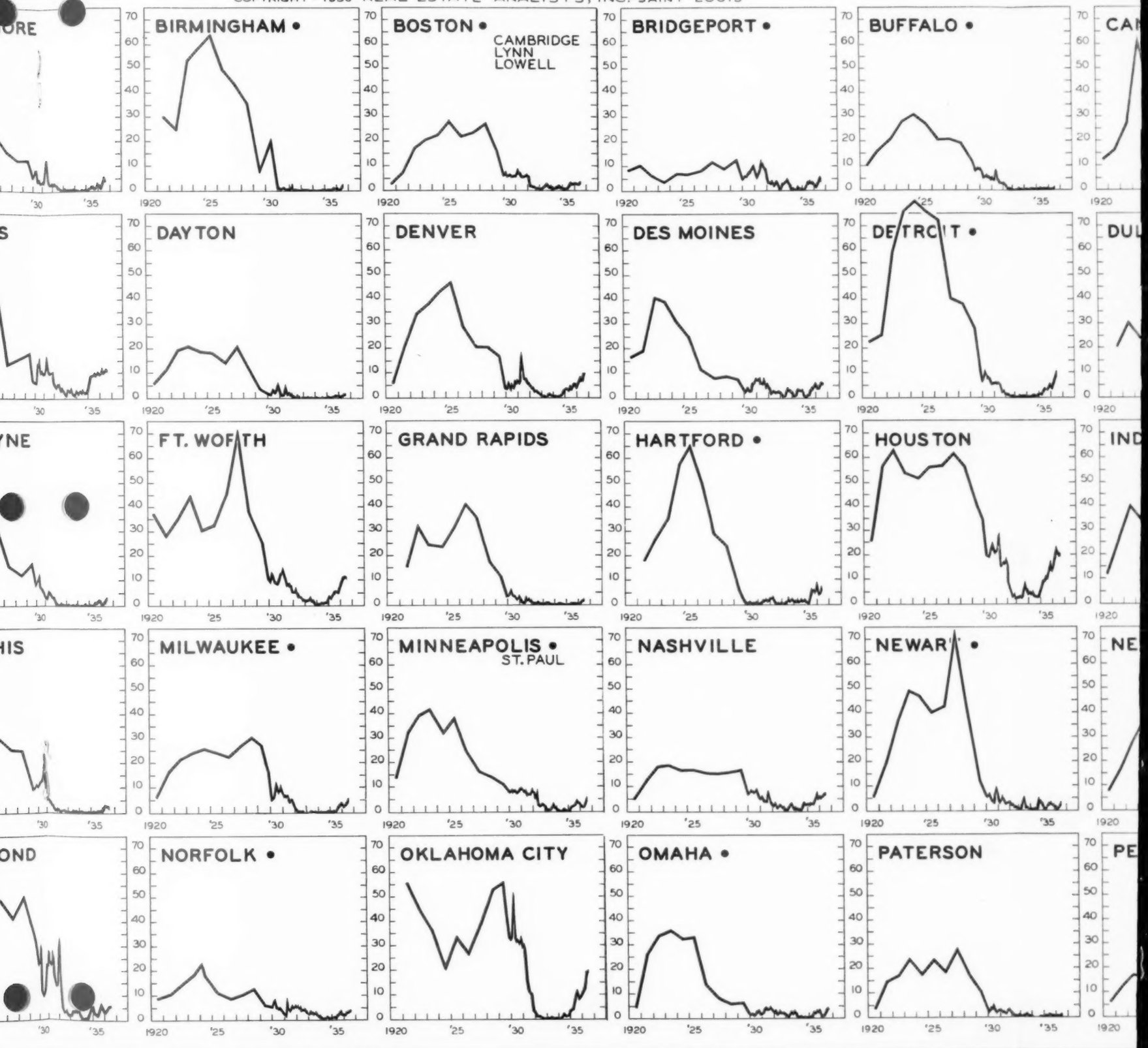

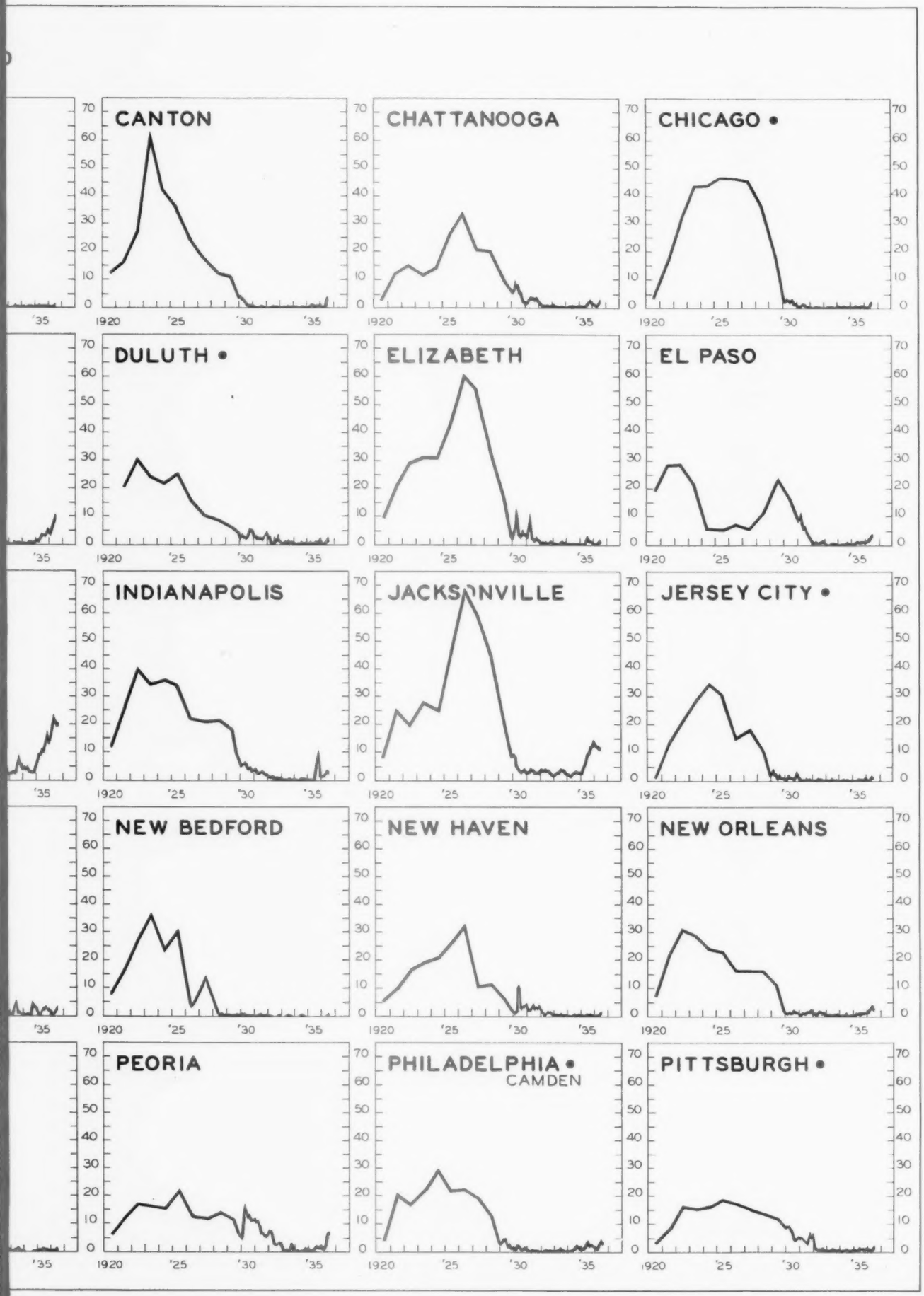
CANTON
CHATTANOOGA
CHICAGO •
DULUTH •
ELIZABETH
EL PASO
INDIANAPOLIS
JACKSONVILLE
JERSEY CITY •
NEW BEDFORD
NEW HAVEN
NEW ORLEANS
PEORIA
PHILADELPHIA •
CAMDEN
PITTSBURGH •
0 10 20 30 40 50 60 70
1920 '25 '30 '35

FLUCTUATIONS IN THE NUMBER

BUILT PER MONTH ~ PER 10,000 FAMILIES ~ IN ALL C

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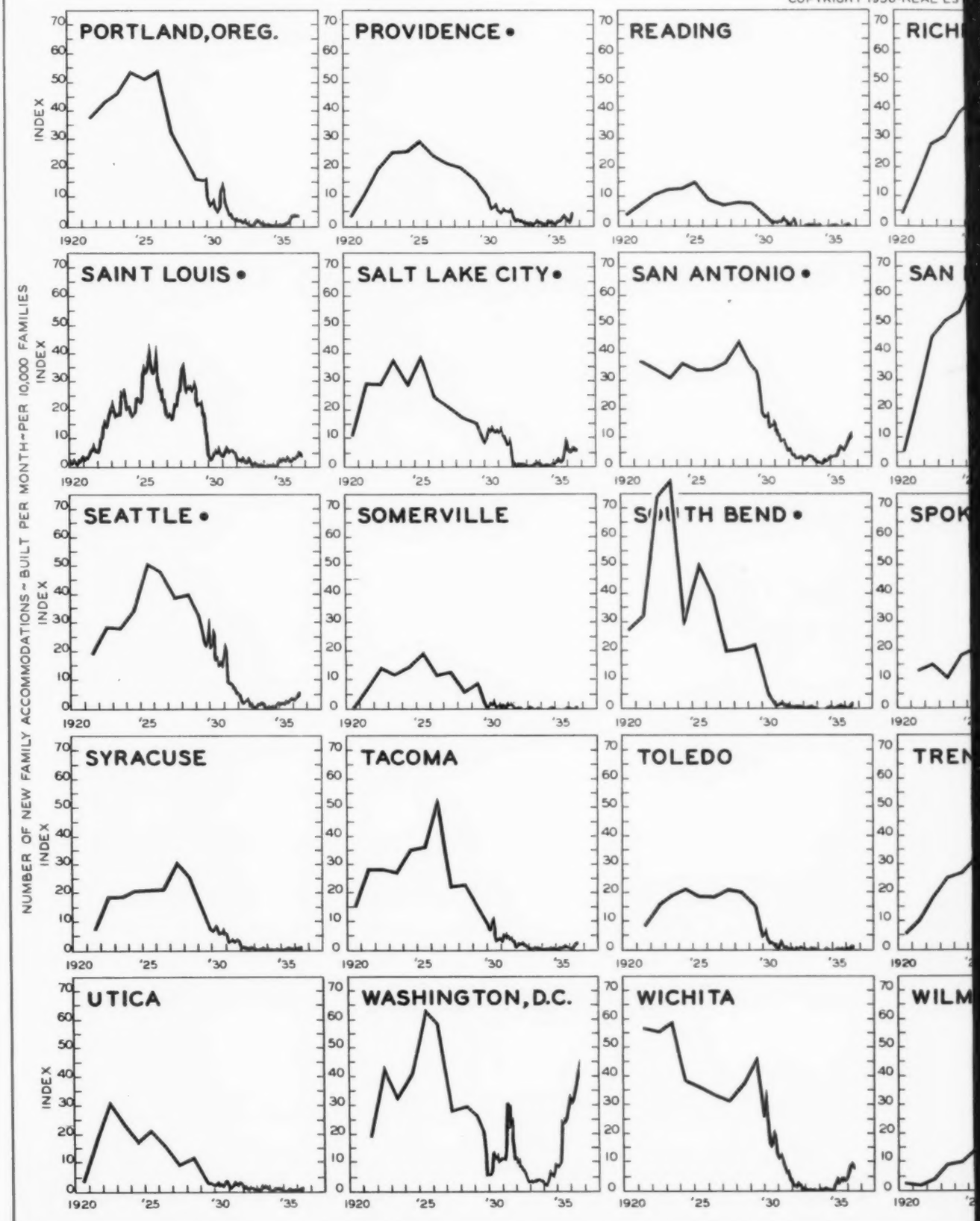
NUMBER OF NEW FAMILY ACCOMMODATIONS ~ BUILT PER MONTH ~ PER 10,000 FAMILIES



OF NEW FAMILY ACCOMMODATIONS

ITIES HAVING MORE THAN 100,000 POPULATION IN 1930

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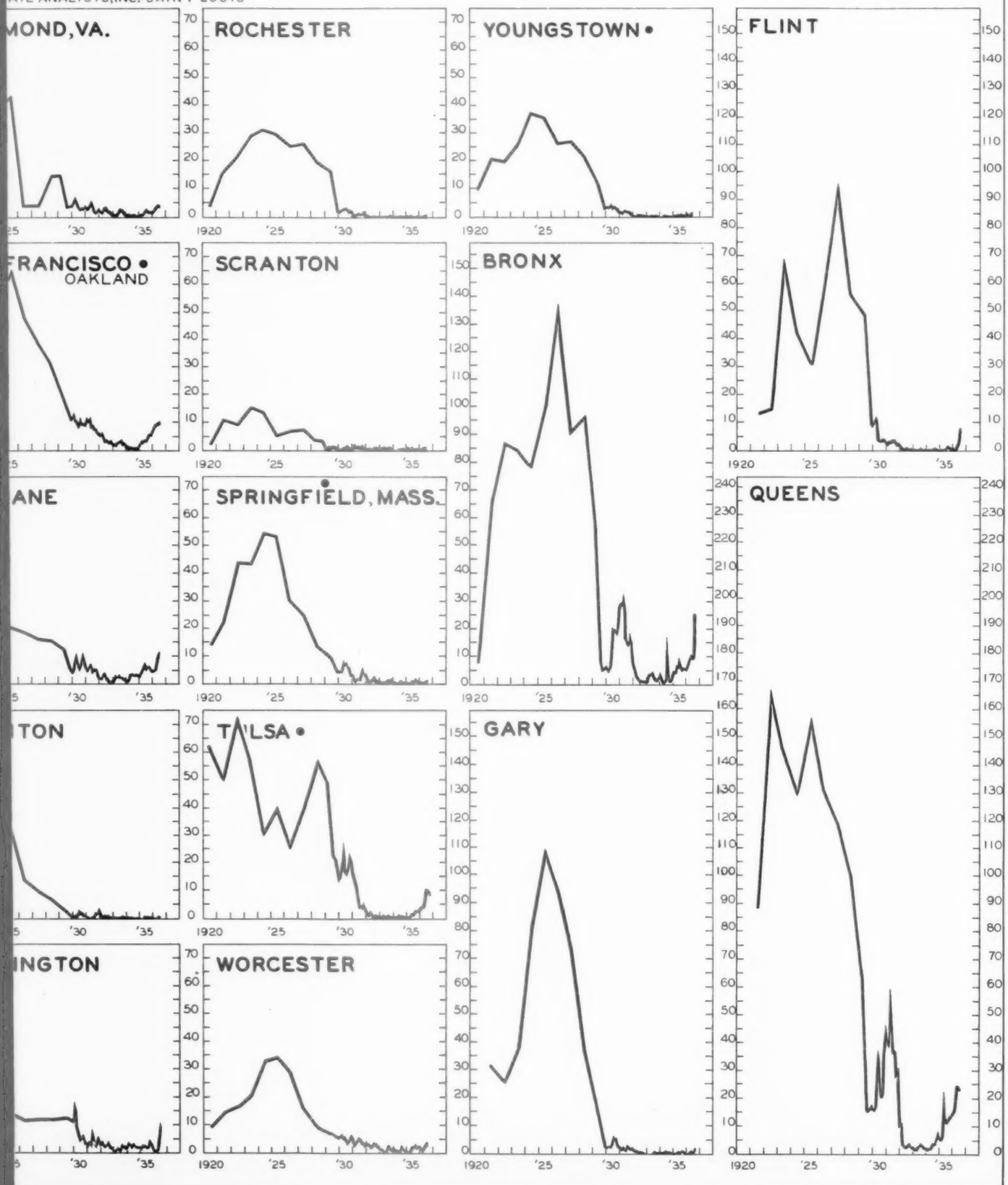

NEW FAMILY ACCOMMODATIONS

BUILT PER MONTH ~ PER 10,000 FAMILIES

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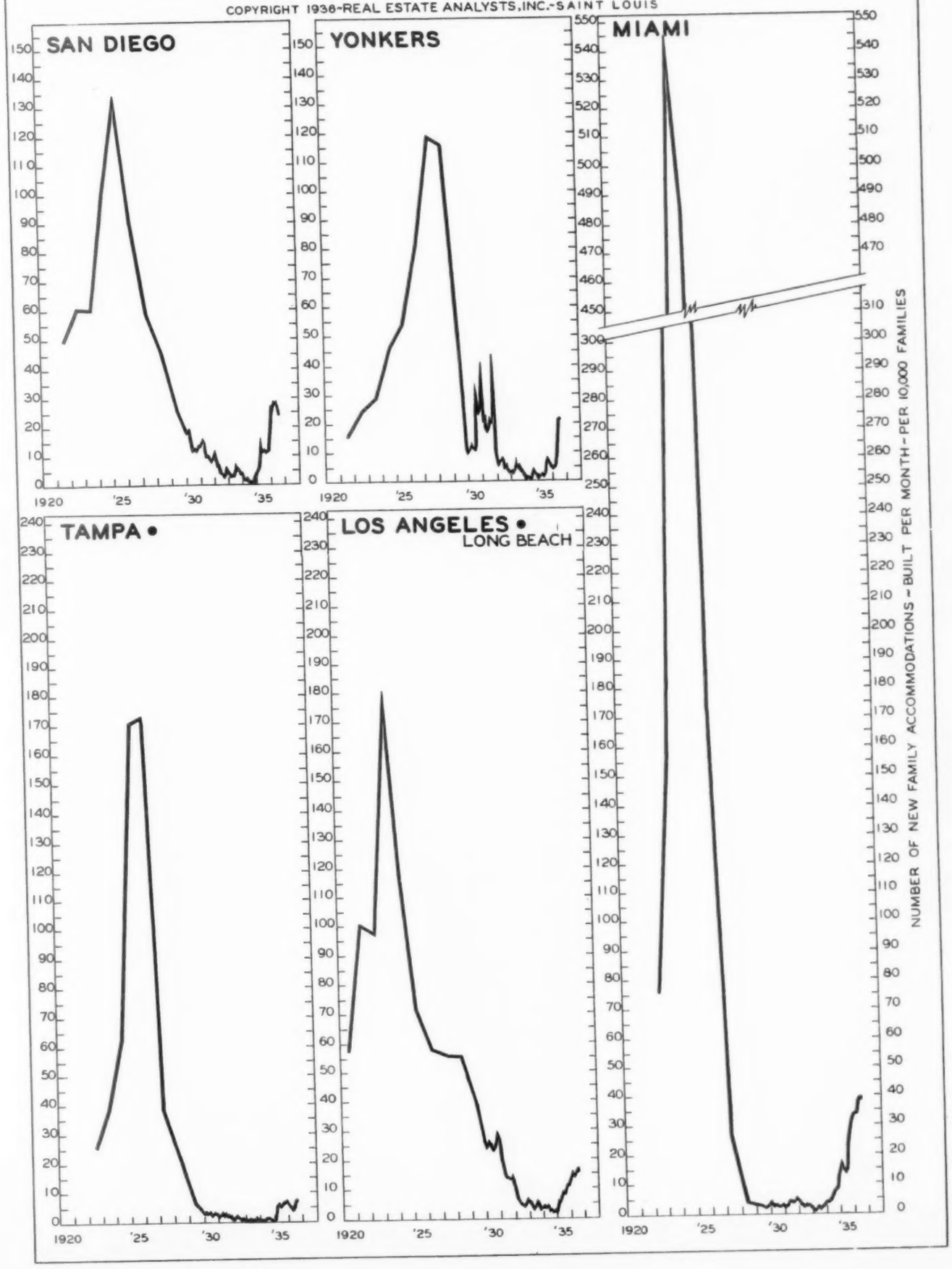

REAL ESTATE TRANSFERS IN PRINCIPAL CITIES 1930-1936

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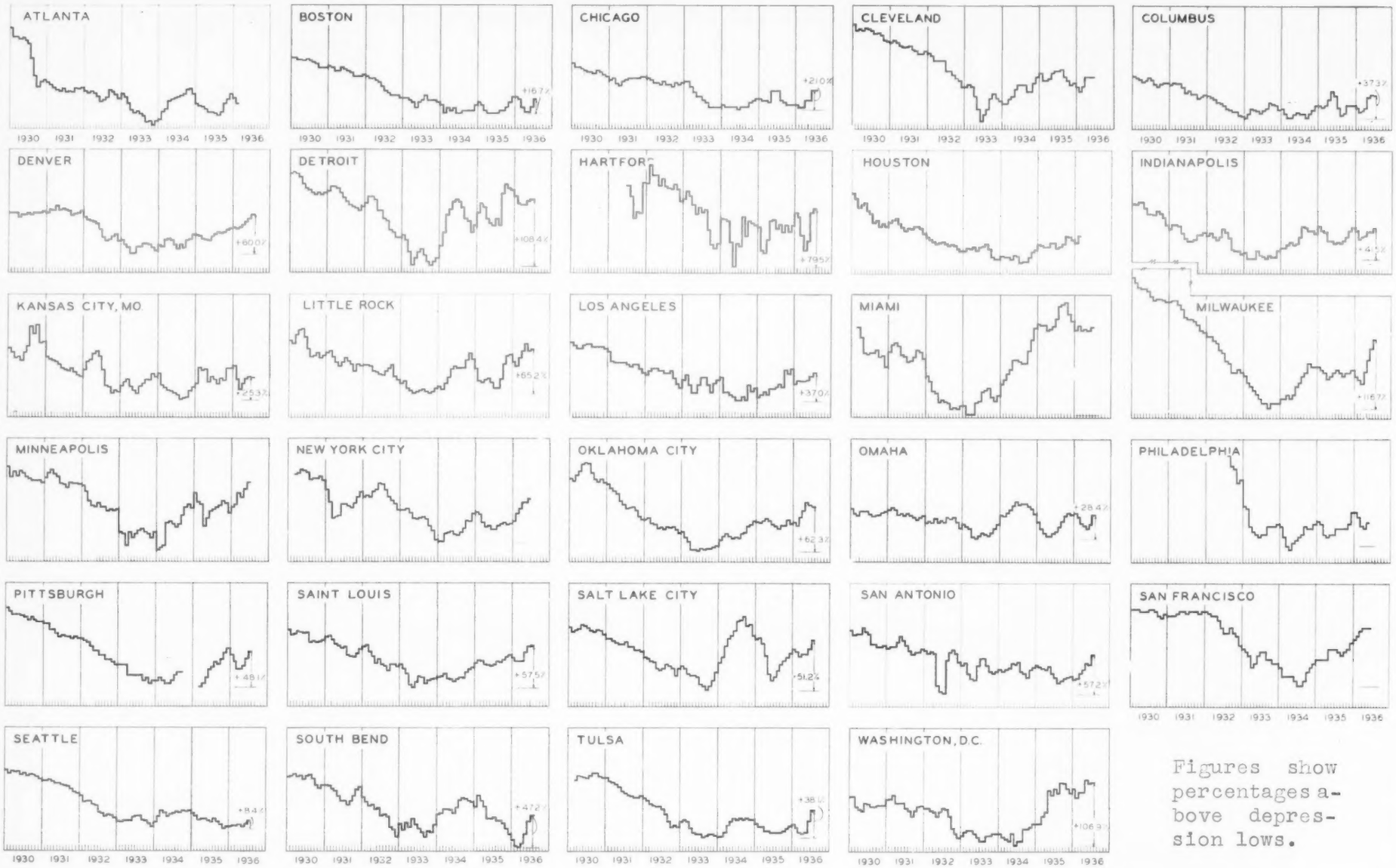
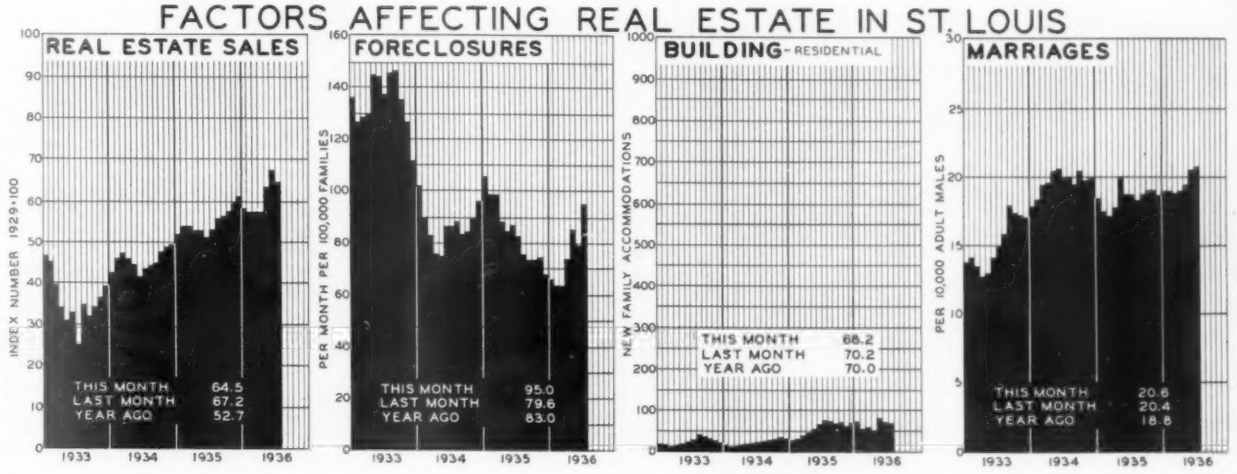


Figures show percentages above depression lows.

FACTORS AFFECTING REAL ESTATE IN ST. LOUIS



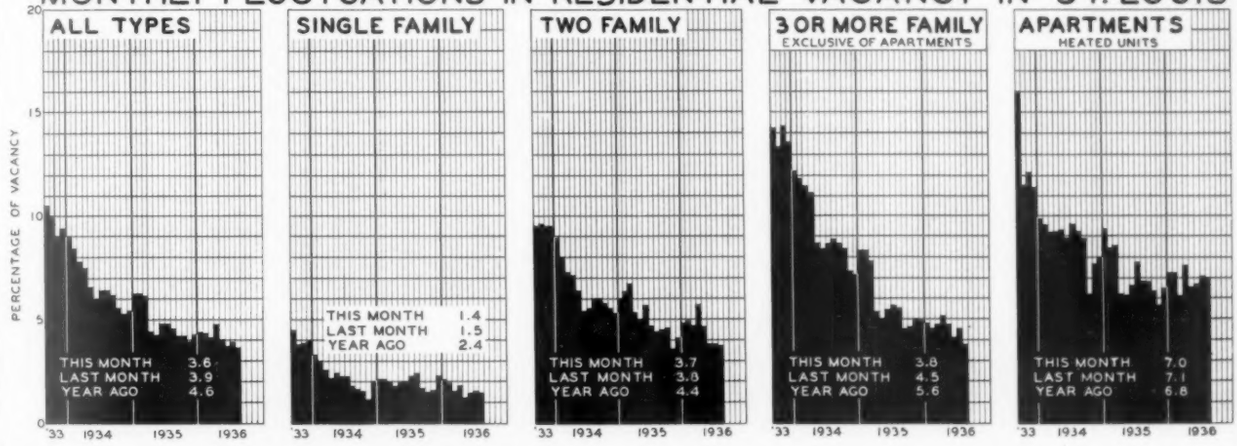
REAL Estate Analysts, Inc., has always made an intensive study of Greater Saint Louis on the assumption that an exhaustive, precise study over a long period of years of all factors affecting real estate in a single representative community is often of greater value in determining the sequence of events in collapse and recovery than is a more general study of the entire country. In addition to the charts on this page, other Saint Louis figures are shown on pages 592, 593, 597, and 600.

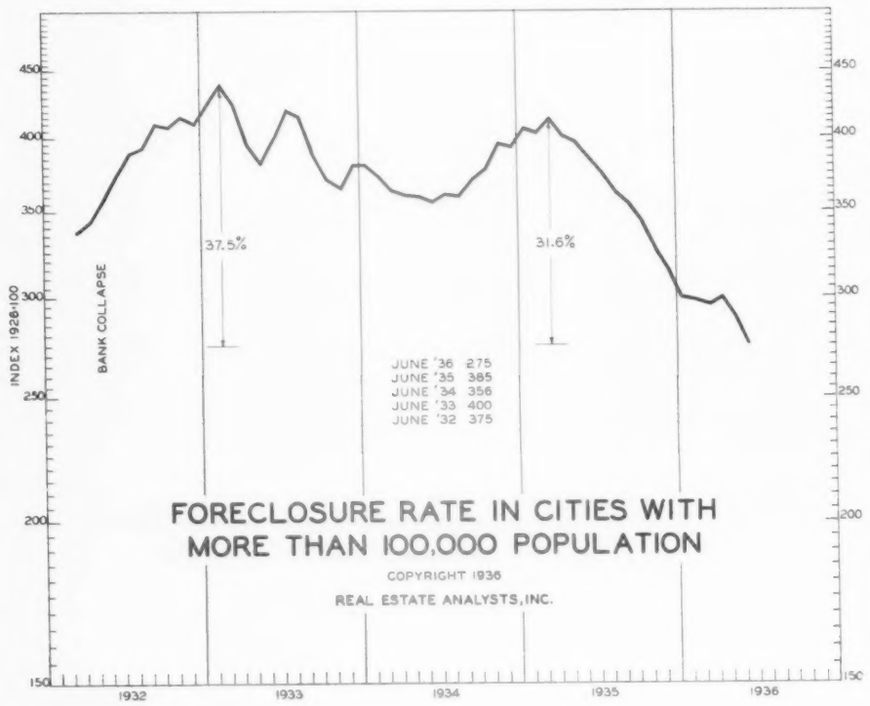
Total residential vacancy in Saint Louis decreased during the past month by about 700 units--from 3.9% on July 6 to 3.6% on August 5. This decrease in vacancy occurred in every type of dwelling unit.

The number of vacant residential units for November, 1932, and for August of the last three years is shown in the following table:

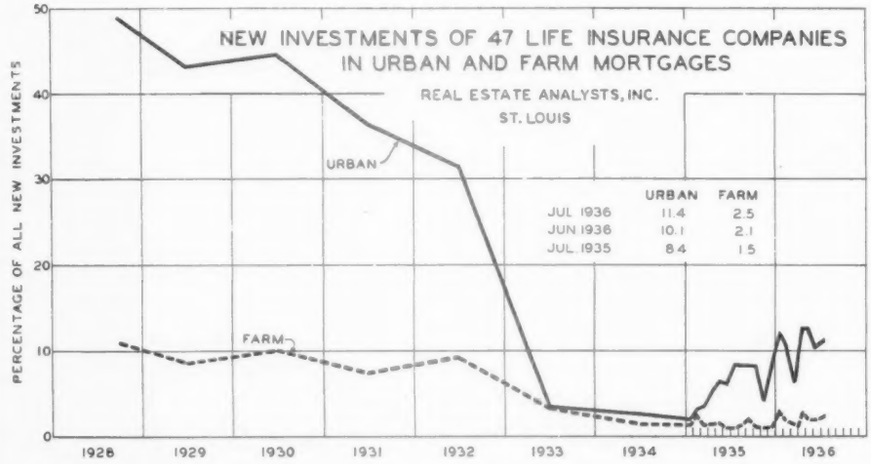
Date	Number of Vacancies	Percentage of Vacancy
November, 1932	28,207	12.8
August, 1934	14,000	6.3
August, 1935	10,200	4.6
August, 1936	8,000	3.6

MONTHLY FLUCTUATIONS IN RESIDENTIAL VACANCY IN ST. LOUIS

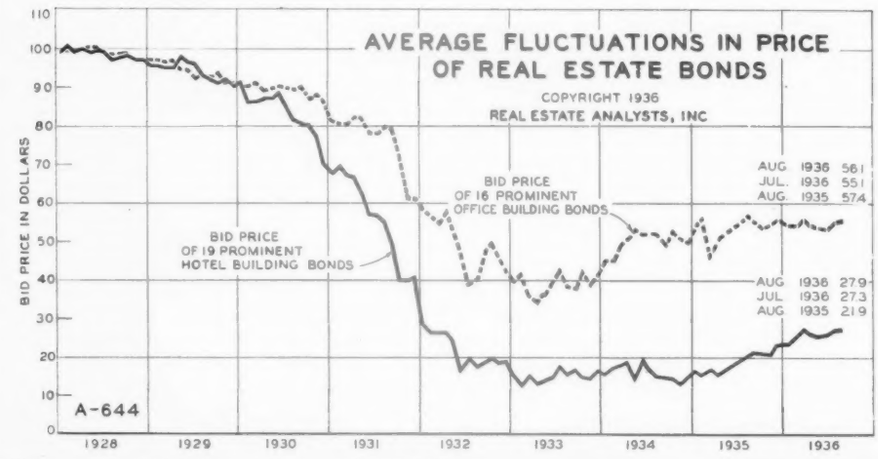




THE chart to the left shows the monthly fluctuations in the foreclosure rate in cities having more than 100,000 population. This chart is corrected for seasonal fluctuation and is based on the compilations made by the Home Owners' Loan Corporation. It will be noticed that the foreclosure rate has been dropping consistently since the spring of 1935. The preliminary figure for June is 37.5% below the 1933 peak.



THE chart to the left shows the percentage of all new investments each month invested in urban and farm mortgages by forty-seven life insurance companies. Urban mortgages are slowly coming back into favor. There is no decided trend regarding farm mortgages.



THE chart to the left shows the fluctuations in the bid prices of real estate bonds. There has been a pronounced trend upward in hotel bonds during the past year and a half. Office building bonds are not showing as pronounced a trend.